



CROSS-AGENCY TRANSITION TEAM WHITE PAPER

SUBJECT: ODIN Catalog Services Funding

Issue

The NASA FY 2010 Appropriations Bill provides that NASA's Cross-Agency Support Funds (CASX) are limited to a one-year period of availability and will expire on September 30, 2010. This paper addresses the requirements for funding ODIN Catalog Purchases.

There are some ODIN catalog items that are clearly services such as Dedicated System Administration support that organizations purchase based on the amount of time they need it (usually 12-months, but available in 1, 3, and 6 month periods). The ODIN contract is basically divided into 3 types of services: Seats; Catalog Purchases; and Infrastructure Upgrades (IUPs).

Seats are services whereby Centers/organizations pay a monthly charge for use of the service. Funds used for seat services should be from the current year's appropriation in which the seat service is being provided.

Catalog Purchases are goods and services purchased from the ODIN Catalog system. ODIN Catalog purchases come in 2 types:

- Level 1 (referred to a "full service") - the customer orders the component (hardware, software) which includes a service contract (think of it as a maintenance agreement) for the life of the Center's Delivery Order. The cost of the component and associated service are bundled and paid at the time of the catalog purchase. The ODIN Contractor must track and manage the asset until the end of the Center's Delivery order.

Level 1 also includes service support (labor) for a specialized skill set required for a fixed length of time. No hardware/software is involved just labor.

Level 1 also includes maintenance only support for a hardware or software component previously purchased. This could be a renewal of an expired existing maintenance agreement.

- Level 3 (referred to a "drop shipped") – the customer orders the component (hardware, software) and does not receive any associated product maintenance, However the ODIN contractor must track and manage the asset. There currently is no way to break out the costs components of the equipment itself and the asset management service.

For both Levels 1 and 3 – the equipment ownership is retained by ODIN until the end of the Center's delivery order at which time the government has the option to receive the

Special Note: Although these white papers provide general guidance on the application of the Bona Fide Needs rule to common situations, you should still review your specific circumstances with local procurement, finance, and legal specialists. GAO has repeatedly emphasized that what constitutes a bona fide need of a particular fiscal year depends largely on the facts and circumstances of each particular case. Also note that while this guidance was developed to address the issues arising from the change to a one-year appropriation for CAS, it is also applicable to other expiring appropriations.

equipment into ownership (or leave it with the ODIN contractor with the ODIN contractor's responsibility for disposal)

Infrastructure Upgrades (IUPs) are firm fixed price proposals to provide a service or upgrade to the infrastructure. As part of an IUP, there may be equipment included and provided in implementation of the IUP. Equipment provided in the IUP ultimately becomes government owned and managed property at the completion of the IUP. Therefore any future maintenance costs associated with equipment in the IUPs should be treated as severable costs and paid for in the year that they are utilized. IUPs that have multi-year maintenance elements should not be allowed.

As described above, Catalog purchases and IUPs with hardware/software components, may include maintenance. When maintenance is included, vendor/companies typically have a minimum period of coverage (usually 12 months). For purposes of definition, maintenance procured in the current year that crosses a fiscal year boundary cannot be broken out to less than the minimum period of performance provided by the vendor of the product/component procured.

Guidance

ODIN Catalog items that are clearly "severable" should only be funded through September 30, 2010 with PY 2010 CASX funds.

ODIN Seats. All seat cost are *severable* and must be paid for with current year appropriations in which the service was provided.

Catalog Purchases. Level 1 purchases related to hardware/software inclusive of the maintenance service through the end of the Center's Delivery order are defined as NON-SEVERABLE. ODIN provided a bundled service (component plus maintenance) at a best-value cost to the government such that breaking it into a lesser timeframe for maintenance support would significantly increase the costs and risk to the government.

Level 1 purchases for services (labor support only) would be *severable*. These purchases should be paid for and provided for (period of performance) with the year of the appropriations funding the purchase.

Level 1 purchase for service (product maintenance only) would be *severable* if the maintenance period (service) being procured exceeds the vendor's minimum maintenance period offered. For example, most software maintenance periods cannot be less than 12 months. However 24, 36, and/or 48 month maintenance periods can be purchased. To comply with the 1Year Appropriations Law, Level 1 "maintenance only" service would only

be allowed for the minimum period (e.g., 12, 24, or 36 month period) even though it may span a fiscal year boundary.

Level 3 (product only) purchases are treated as *non-severable*. The service portion of the Level 3 purchase to cover asset management of the product purchased is “REQUIRED” and cannot be broken out.

IUPs. IUPs exclusive of any hardware/software (service only) should be *severable*. Period of performance should not cross fiscal year boundaries and should be funded using the current year’s appropriations in which the service is performed.

IUPs which include a combination of hardware, software, and services (Labor and/or Maintenance) should be *non-severable* such that the bundled product is structured such that it provides the best value to the government and breaking it apart adds significant risk to the government. (An example would be a multi-month activity (which crosses a fiscal year boundary) such as installing a network infrastructure in a facility which requires hardware (switches, cables, etc) and initial maintenance contract on the equipment purchases as part of the IUP.) The IUP period of performance should not exceed the minimum period of performance of the hardware/software components maintenance included. As mentioned above, hardware/software included within an IUP becomes the property of the government at the completion of the IUP.